



Transaction Privilege Tax Changes and News

This publication is an informational notice included with the June 2007 Transaction Privilege Tax Return.

TOWN OF YOUNGTOWN

Effective August 1st, 2007: On May 17th, 2007 the Mayor and Town Council of the Town of Youngtown passed ordinance number 07-08. Ordinance 07-08 increases the Youngtown Town Privilege Tax from **2% to 3%**. The tax rate increase affects the following classifications:

Advertising; Amusements; Construction Contracting; Job printing; Manufactured buildings; Timbering and other extraction; Publishing; Hotels; Rental, leasing, and licensing for use of tangible personal property; Restaurants and Bars; Retail; Telecommunications; Transporting for hire and Utilities. The tax should be reported using **YT000**.

Ordinance 07-08 selects Model Option 15 thus instituting Article VI-Use Tax of the Model City Tax Code. The Town of Youngtown use tax rate is **3%** and shall be reported using **YT002**.

Ordinance 07-08 selects Model Option 5B. Option 5B changes the taxability for Rental of Real Property. Both Residential Rentals and Commercial Rentals of Real Property are taxable when one property is available for rent. **The exemption for two residential properties is no longer available.** The privilege tax rate for rental of real property shall remain at **2%** and shall be reported using **YT013**.

Ordinance 07-08 selects Model Option 2. Option 2 imposes a privilege tax on food for home consumption. The privilege tax for food for home consumption shall be **3%** and should be reported using **YT000**.

This increase imposed by this ordinance shall not apply to contracts entered into prior to the effective date of the ordinance. Pre-existing contracts should be reported using **YT009** at a rate of **2%**.

CITY OF APACHE JUNCTION

Effective July 1, 2007: The City of Apache Junction will no longer be a program city in the Cities Program of the Arizona Department of Revenue.

The Department of Revenue will no longer be administering Apache Junction's transaction privilege tax program; however, the department will continue to collect those taxes due to the city and remaining unpaid for months prior to July 1, 2007. Beginning July 1, 2007, the City of Apache Junction will administer and collect its own transaction privilege tax.

Reporting periods beginning with July 2007 and after should be sent directly to the City of Apache Junction. For periods June 2007 and prior, the Department of Revenue will continue to collect those taxes due to the city. To contact the City of Apache Junction, please call 480-982-8002 for more information.

911 WIRELESS AND WIRELINE RATE REDUCTION; REPORTING

Effective July 1, 2007: The Arizona State Legislature approved a decrease to the 911 Wireless Telecommunications tax (class 036) and the 911 Wireline Telecommunications tax (class 131) pursuant to A.R.S. §42-5252. The new monthly rate will be 20¢ per activated wireless and wireline service account (e.g., landline, cellular and Voice over Internet Protocol (VoIP) subscriber accounts), effective July 1, 2007. Also effective July 1, taxpayers filing under the class 036 and class 131 codes should report under the new combined class **911** code for 911 Telecommunications tax. For more information, check our web site (www.azdor.gov).

DEDUCTION CODES FOR FORM TPT-1

As noted in a prior announcement, five new Deduction Codes have been added to the listing of deduction codes on Form TPT-1. Some codes have been removed from the listing on Form TPT-1, but are still valid codes. Deduction codes on Page 2 of Form TPT-1 will be revised to reflect these new codes. Due to legibility concerns and space restrictions, not all of the available deduction codes will be listed on Form TPT-1. Therefore, the department will be publishing a more comprehensive listing and description of all deduction codes on the department's website in the near future.

The new deduction codes are:

- 562:** FOOD Sales to a School District or Charter School by a RESTAURANT
- 561:** Job Printing – Actual Postage or Freight Expenses separately stated on invoices
- 563:** LIQUEFIED NATURAL GAS used to Fuel Compressor Equipment
- 559:** MOTION PICTURE PRODUCTION COMPANY exemptions (deductions)
- 560:** PRIME CONTRACTING: Development or Impact Fees paid to State/Local Govt



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